

LENNON, MURPHY & LENNON, LLC  
 Kevin J. Lennon (KL 5072)  
 Patrick F. Lennon (PL 2162)  
 The GrayBar Building  
 420 Lexington Avenue, Suite 300  
 New York, NY 101070  
 (212) 490-6050 – phone  
 (212) 490-6070 – fax  
 Email: [kjl@lenmur.com](mailto:kjl@lenmur.com)  
[pfl@lenmur.com](mailto:pfl@lenmur.com)

UNITED STATES DISTRICT COURT  
 SOUTHERN DISTRICT OF NEW YORK

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AUCKLAND SHIPPING COMPANY LONDON, :	07-CV- (CM)
Plaintiff, :	
- against - :	<b><u>COUNTERCLAIM</u></b>
WESTERN BULK CARRIERS KS, :	
Defendant. :	
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Defendant/Counterclaimant, WESTERN BULK CARRIERS KS (hereafter “WBC” or Defendant) by its attorneys, LENNON, MURPHY & LENNON, LLC, hereby states the following, upon information and belief, as its Counterclaim against the Plaintiff, AUCKLAND SHIPPING COMPANY LTD. (hereafter referred to as “AUCKLAND” or Plaintiff):

1. Pursuant to a contract of maritime charter dated January 12, 2004 (hereafter “charter”), WBC time chartered the M/V LUCASTA (hereafter “vessel”) from AUCKLAND.
2. Disputes have arisen between the parties during the performance of the charter.
3. AUCKLAND owes a total of \$394,906.90 to WBC under the charter as a result of AUCKLAND’s failure, *inter alia*, to maintain the vessel in a thoroughly efficient state in order to perform the contemplated voyage(s), as per charter clauses 2, 6 and 75 and that, as a result, the vessel was delayed in cargo operations causing losses to WBC and further expenses to be

incurred during the voyage(s).

4. Despite WBC's due and lawful demand for payment of this outstanding amount, AUCKLAND has failed, and continues to fail, to remit payment to WBC.

5. As a consequence of AUCKLAND's breach of the aforesaid charter, WBC has sustained damages, as best as may presently be approximated, in the principle sum of \$394,906.90, exclusive of interest, costs and fees.

6. Any and all disputes arising under the aforesaid contract of charter are to be resolved in London arbitration. The parties are currently arbitrating their disputes before an arbitration panel in London, England.

7. Interest, costs and attorneys' fees are routinely awarded to the prevailing party in London arbitration proceedings. As best as can now be estimated, WBC expects to recover the following amounts at London arbitration:

A.	On the principal claim:	\$394,906.90;
B.	3 years interest at 5%:	\$65,628.88; and
C.	Arbitration costs:	\$200,000.00.
<b>Total:</b>		<b>\$660,535.78.</b>

8. Pursuant to the agreement of the parties, WBC's counterclaim has been rounded up to **\$661,000.00** for the purposes of an escrow agreement securing WBC's counterclaim.

9. The above stated counterclaim arises out of the same transaction or occurrence with respect to which the action was originally filed. Pursuant to Supplemental Rule B AUCKLAND has attached WBC's property in this district in the approximate sum of **\$715,285.38** via service of process of maritime attachment and garnishment at various garnishee banks in this district. Such attachment stands as security for AUCKLAND's alleged claims

against WBC. Substitute security for AUCKLAND's alleged claim is being provided by WBC in the form of a bank guarantee issued from Nordea Bank in London, England.

10. Defendant as counterclaimant is entitled pursuant to Supplemental Admiralty Rule E(7)(a) to security for its above stated counterclaim in the sum of **\$660,535.78**.

**WHEREFORE**, the Defendant/Counterclaimant prays as follows:

A. That the Court, in accordance with Supplemental Admiralty Rule E(7)(a), order the Plaintiff, AUCKLAND to provide Defendant, WESTERN BULK CARRIERS KS, security for its counterclaim in the sum of **\$660,535.78** in the form of an escrow agreement that has been agreed by the parties;

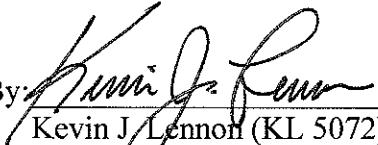
B. That the Court enter judgment against Plaintiff and in favor of Defendant/Counterclaimant in the amount of any forthcoming arbitration award obtained by the Defendant/Counterclaimant against the Plaintiff, plus interest, costs and attorneys' fees;

C. That the Court retain jurisdiction over this matter through the entry of any judgment or award associated with the Defendant's counterclaim currently pending, including any appeals thereof; and

D. That the Defendant/Counterclaimant have such other, further and different relief as this Court may deem just and proper in the circumstances.

Dated: June 20, 2007  
New York, NY

The Defendant/Counterclaimant  
WESTERN BULK CARRIERS KS

By:   
Kevin J. Lennon (KL 5072)  
Patrick F. Lennon (PL 2162)

LENNON, MURPHY & LENNON, LLC  
The Gray Bar Building  
420 Lexington Ave., Suite 300  
New York, NY 10170  
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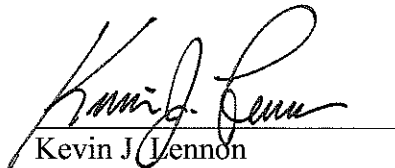
TO: Holland & Knight LLP  
Attorneys for Plaintiff  
195 Broadway  
New York, NY 10007  
(212) 513-3213  
(212) 385-9010  
Attn: James H. Hohenstein, Esq.  
Lissa D. Schaupp, Esq.

**ATTORNEY'S VERIFICATION**

State of Connecticut    )  
                                      )       ss.:    Town of Southport  
County of Fairfield    )

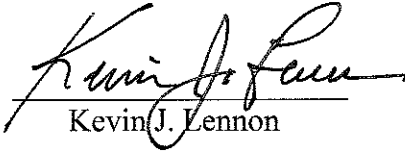
1.     My name is Kevin J. Lennon.
2.     I am over 18 years of age, of sound mind, capable of making this Verification, and fully competent to testify to all matters stated herein.
3.     I am an attorney in the firm of Lennon, Murphy & Lennon, LLC, attorneys for the Defendant/Counterclaimant.
4.     I have read the foregoing Counterclaim and know the contents thereof and believe the same to be true and accurate to the best of my knowledge, information and belief.
5.     The reason why this Verification is being made by the deponent and not by the Defendant/Counterclaimant is that the Defendant/Counterclaimant is a business organization with no officers or directors now within this District.
6.     The source of my knowledge and the grounds for my belief are the statements made, and the documents and information received from, the Defendant/Counterclaimant, its solicitors and/or other agents and representatives of the Defendant/Counterclaimant.
7.     I am authorized to make this Verification on behalf of the Defendant/Counterclaimant.

Dated:       Southport, CT  
              June 20, 2007

  
Kevin J. Lennon

**AFFIRMATION OF SERVICE**

I hereby certify that on June <sup>20</sup>~~19~~, 2007, a copy of the foregoing **COUNTERCLAIM** was filed electronically and served by mail on anyone unable to accept electronic filing. Notice of this filing will be sent by e-mail to all parties by operation of the Court's electronic filing system or by mail to anyone unable to accept electronic filing. Parties may access this filing through the Court's CM/ECF system.

  
Kevin J. Lennon